

Introduced by Senator Lowenthal

February 17, 2011

An act to amend Section 42605 of the Education Code, relating to education finance.

LEGISLATIVE COUNSEL'S DIGEST

SB 476, as introduced, Lowenthal. Education finance: categorical programs.

Existing law establishes various categorical education programs, and appropriates the funding for those programs in the annual Budget Act. Existing law requires the Superintendent of Public Instruction, for the 2008–09 to 2012–13 fiscal years, inclusive, to apportion from the amount provided in the annual Budget Act for specified categorical education programs an amount based on the same relative proportion that the local educational agency received in the 2008–09 fiscal year for those programs, with certain specified exceptions. Existing law authorizes school districts, for the 2008–09 to 2012–13 fiscal years, inclusive, to use the categorical education program funds, with specified exceptions, for any educational purpose.

This bill would extend the operation of this provision for 2 additional fiscal years, thus extending it through the 2014–15 fiscal year.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. (a) It is the intent of the Legislature to accomplish
2 all of the following:

1 (1) Address the continuing concerns regarding the fragmentation
2 of supplementary funding sources and the need for flexibility in
3 order to respond to the special needs of all pupils.

4 (2) Refocus attention on the effect that the expenditure of
5 categorical program funds has on pupil learning rather than on
6 state spending and compliance with operational rules for categorical
7 programs.

8 (3) Improve school performance by doing all of the following:

9 (A) Provide schools increased flexibility in the use of available
10 funds in exchange for accountability.

11 (B) Ensure that funds intended for services to disadvantaged
12 pupils and schools are expended for their stated purpose.

13 (C) Ensure that local governing boards develop and adopt the
14 highest possible standards for pupils. The standards shall be as
15 rigorous as current state standards and any that may be adopted
16 pursuant to subsequent legislation.

17 (b) It is the intent of the Legislature to accomplish the goals by
18 establishing block grants to be composed of funding for certain
19 current categorical education programs.

20 (c) However, before block grants for certain current categorical
21 education programs can be effectuated, it is critical that existing
22 categorical program flexibility reforms adopted in 2009 that are
23 assisting school districts in maintaining core services in the face
24 of limited funding need to be extended through the 2014–15 fiscal
25 year, allowing for a rational long-term approach to transitioning
26 to categorical program flexibility and accountability.

27 SEC. 2. Section 42605 of the Education Code is amended to
28 read:

29 42605. (a) (1) Unless otherwise prohibited under federal law
30 or otherwise specified in subdivision (e), for the 2008–09 fiscal
31 year to the ~~2012–13~~ 2014–15 fiscal year, inclusive, recipients of
32 funds from the items listed in paragraph (2) may use funding
33 received, pursuant to subdivision (b), from any of these items listed
34 in paragraph (2) that are contained in an annual Budget Act, for
35 any educational purpose.

36 (2) Items 6110-104-0001, 6110-105-0001, 6110-108-0001,
37 6110-122-0001, 6110-123-0001, 6110-124-0001, 6110-137-0001,
38 6110-144-0001, 6110-150-0001, 6110-151-0001, 6110-156-0001,
39 6110-181-0001, 6110-188-0001, 6110-189-0001, 6110-190-0001,
40 6110-193-0001, 6110-195-0001, 6110-198-0001, 6110-204-0001,

1 6110-208-0001, 6110-209-0001, 6110-211-0001, 6110-227-0001,
2 6110-228-0001, 6110-232-0001, 6110-240-0001, 6110-242-0001,
3 6110-243-0001, 6110-244-0001, 6110-245-0001, 6110-246-0001,
4 6110-247-0001, 6110-248-0001, 6110-260-0001, 6110-265-0001,
5 6110-266-0001, 6110-267-0001, 6110-268-0001, and
6 6360-101-0001 of Section 2.00.

7 (b) (1) For the 2009–10 fiscal year to the ~~2012–13~~ 2014–15
8 fiscal year, inclusive, the Superintendent or other administering
9 state agency, as appropriate, shall apportion from the amounts
10 provided in the annual Budget Act for the items enumerated in
11 paragraph (2) of subdivision (a) an amount to recipients based on
12 the same relative proportion that the recipient received in the
13 2008–09 fiscal year for the programs funded through the items
14 enumerated in paragraph (2) of subdivision (a).

15 (2) This section and Section 42 of Chapter 12 of the 2009–10
16 Third Extraordinary Session do not authorize a school district that
17 receives funding on behalf of a charter school pursuant to Sections
18 47634.1 and 47651 to redirect this funding for another purpose
19 unless otherwise authorized in law or pursuant to an agreement
20 between a charter school and its chartering authority.
21 Notwithstanding paragraph (1), for the 2008–09 fiscal year to the
22 ~~2012–13~~ 2014–15 fiscal year, inclusive, a school district that
23 receives funding on behalf of a charter school pursuant to Sections
24 47634.1 and 47651 shall continue to distribute the funds to those
25 charter schools based on the relative proportion that the school
26 district distributed in the 2007–08 fiscal year, and shall adjust those
27 amounts to reflect changes in charter school attendance in the
28 district. The amounts allocated shall be adjusted for any greater
29 or lesser amount appropriated for the items enumerated in
30 paragraph (2) of subdivision (a). For a charter school that began
31 operation in the 2008–09 fiscal year, if a school district received
32 funding on behalf of that charter school pursuant to Sections
33 47634.1 and 47651, the school district shall continue to distribute
34 the funds to that charter school based on the relative proportion
35 that the school district distributed in the 2008–09 fiscal year and
36 shall adjust the amount of those funds to reflect changes in charter
37 school attendance in the district. The amounts allocated shall be
38 adjusted for any greater or lesser amount appropriated for the items
39 enumerated in paragraph (2) of subdivision (a).

(3) Notwithstanding paragraph (1), for the 2008–09 fiscal year to the ~~2012–13~~ 2014–15 fiscal year, inclusive, the Superintendent shall apportion from the amounts appropriated by Item 6110-211-0001 of Section 2.00 of the annual Budget Act an amount to a charter school in accordance with the per-pupil methodology prescribed in subdivision (c) of Section 47634.1.

(4) Notwithstanding paragraph (1), for the 2008–09 fiscal year to the ~~2012–13~~ 2014–15 fiscal year, inclusive, the Superintendent shall apportion from the amounts provided in the annual Budget Act an amount to a school district, charter school, and county office of education based on the same relative proportion that the local educational agency received in the 2007–08 fiscal year for the programs funded through the following items contained in *Section 2.00* of the annual Budget Act: 6110-104-0001, 6110-105-0001, 6110-156-0001, 6110-190-0001, Schedule (3) of 6110-193-0001, 6110-198-0001, 6110-232-0001, and Schedule (2) of 6110-240-0001.

(5) For purposes of paragraph (4), if a direct-funded charter school began operation in the 2008–09 fiscal year, the amount that the charter school was entitled to receive from the items enumerated in paragraph (4) for the 2008–09 fiscal year, as certified by the Superintendent in March 2009, is deemed to have been received in the 2007–08 fiscal year.

(c) (1) This section does not obligate the state to refund or repay reductions made pursuant to this section. A decision by a school district to reduce funding pursuant to this section for a state-mandated local program shall constitute a waiver of the subvention of funds that the school district is otherwise entitled to pursuant to Section 6 of Article XIII B of the California Constitution on the amount so reduced.

(2) As a condition of receipt of funds, the governing board of the school district or board of the county office of education, as appropriate, at a regularly scheduled open public hearing shall take testimony from the public, discuss, approve or disapprove the proposed use of funding, and make explicit for each of the budget items in paragraph (2) of subdivision (a) the purposes for which the funds will be used.

(3) Using the Standardized Account Code Structure reporting process, a local educational agency shall report expenditures of funds pursuant to the authority of this section by using the

1 appropriate function codes to indicate the activities for which these
2 funds are expended. The department shall collect and provide this
3 information to the Department of Finance and the appropriate
4 policy and budget committees of the Legislature by April 15, 2010,
5 and annually thereafter on April 15 until, and including, April 15,
6 ~~2014~~ 2016.

7 (d) For the 2008–09 fiscal year to the ~~2012–13~~ 2014–15 fiscal
8 year, inclusive, local educational agencies that use the flexibility
9 provision of this section shall be deemed to be in compliance with
10 the program and funding requirements contained in statutory,
11 regulatory, and provisional language, associated with the items
12 enumerated in subdivision (a).

13 (e) Notwithstanding subdivision (d), the following requirements
14 shall continue to apply:

15 (1) ~~For Items Item 6110-105-0001 and of Section 2.00 of the~~
16 ~~annual Budget Act, the amount authorized for flexibility shall~~
17 ~~exclude the funding provided to fund remedial educational services~~
18 ~~pursuant to Provision 4. For Item 6110-156-0001 of Section 2.00~~
19 ~~of the annual Budget Act, the amount authorized for flexibility~~
20 shall exclude the funding provided for instruction of
21 CalWORKs-eligible students pursuant to Schedules (2) and (3)
22 and Provisions 2 and 4.

23 (2) (A) Any instructional materials purchased by a local
24 educational agency shall be the materials adopted by the state
25 board for kindergarten and grades 1 to 8, inclusive, and for grades
26 9 to 12, inclusive, the materials purchased shall be aligned with
27 state standards as defined by Section 60605, and shall also meet
28 the reporting and sufficiency requirements contained in Section
29 60119.

30 (B) For purposes of this section, “sufficiency” means that each
31 pupil has sufficient textbooks and instructional materials in the
32 four core areas as defined by Section 60119 and that all pupils
33 within the local educational agency who are enrolled in the same
34 course shall have identical textbooks and instructional materials,
35 as specified in Section 1240.3.

36 (3) For Item 6110-195-0001 *of Section 2.00 of the annual Budget*
37 *Act*, the item shall exclude moneys that are required to fund awards
38 for teachers that have previously met the requirements necessary
39 to obtain these awards, until the award is paid in full.

1 (4) For Item 6110-266-0001 *of Section 2.00 of the annual Budget*
2 *Act*, a county office of education shall conduct at least one site
3 visit to each of the required schoolsites pursuant to Section 1240
4 and shall fulfill all of the duties set forth in Sections 1240 and
5 44258.9.

6 (5) For Item 6110-198-0001 *of Section 2.00 of the annual Budget*
7 *Act*, a school district or county office of education that operates
8 the child care component of the Cal-SAFE program shall comply
9 with paragraphs (5) and (6) of subdivision (c) of Section 54746.

10 (f) This section does not invalidate any state law pertaining to
11 teacher credentialing requirements or the functions that require
12 credentials.